

## STATE OF SOUTH CAROLINA

## (Caption of Case)

Application of Alltel Communications, Inc. for  
Designation as an Eligible Telecommunications  
Carrier Pursuant to Section 214(e)(2) of the  
Communications Act of 1934

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

## COVER SHEET

DOCKET  
NUMBER: 2007 - 151 - C

(Please type or print)

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☐ Emergency Relief demanded in petition☐ Request for item to be placed on Commission's Agenda expeditiously☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input checked="" type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other: _____	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

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November 30, 2007

Mr. Charles L. A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
Synergy Business Park, The Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

Re: Application of Alltel Communications, Incorporated for Designation  
as an Eligible Telecommunications Carrier Pursuant to Section 214(e)(2)  
of the Communications Act of 1934  
**Docket No. 2007-151-C**

Dear Mr. Terreni:

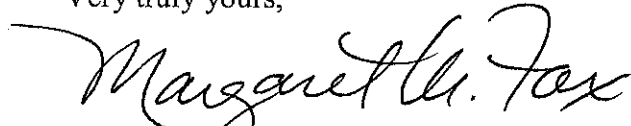
Enclosed for filing on behalf of the South Carolina Telephone Coalition, please find two (2) copies of a Reply Brief in the above-referenced docket. By copy of this letter and Certificate of Service, all parties of record are being served by U. S. Mail with a copy of the Reply Brief.

Please note that the attached document is an exact duplicate, with the exception of the form of the signature, of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions.

Please clock in a copy of this Reply Brief and return it with our courier.

Thank you for your assistance.

Very truly yours,



Margaret M. Fox

MMF/rwm  
Enclosures

cc: Parties of Record

IN RE: Application of Alltel Communications, Inc. for )  
Designation as an Eligible Telecommunications ) **REPLY BRIEF**  
Carrier Pursuant to Section 214(e)(2) of the ) (on behalf of SCTC)  
Communications Act of 1934 )

As stated in the SCTC's earlier-filed brief, in light of the FCC's Order, Commission approval of the ETC Application as filed by ALLTEL Communications, Inc.<sup>2</sup> would result in no universal service funding for ALLTEL, and would set a dangerous precedent for other statewide wireless carrier applications that would be

<sup>2</sup> ALLTEL Communications, Inc. is a subsidiary of ALLTEL Corporation, and is also referred to herein as "ALLTEL."

harmful to the citizens of South Carolina, because it would allow such carriers to receive high cost funding based on the costs of providing service to rural areas, and to spend the so-called "high cost support" in lower-cost, urban areas of the State where those carriers face competition from numerous other carriers.

As detailed in the SCTC's proposed order in this matter, the trend at the federal level has been away from approving wireless ETC applications on scant public interest showings, and toward imposing stronger public interest requirements in order to preserve universal service funding for its intended purposes. Concerns about exponential growth in the size of the federal USF,<sup>3</sup> as well as a specific concern that the FCC's policy was not consistent with the intended use of universal service funding in high cost areas, have led to the evolution of a more stringent public interest analysis. This Commission historically has been at the forefront of that trend.

Even more recent developments, after briefs were filed on November 13, 2007, show that the evolution of a more stringent public analysis continues, and reinforce the fact that this Commission has been on the right track in setting a high public interest standard for approval of statewide wireless ETC applications. Just last week, the Federal-State Joint Board on Universal Service ("Joint Board"), a board comprised of state public service commissioners, FCC commissioners (including Chairman Martin), consumer advocates, and state and federal staff members, issued its Recommended Decision on long-term reform of the federal high cost universal service support

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<sup>3</sup> ALLTEL is the single largest beneficiary of competitive ETC funding, accounting for approximately 29 percent of all high cost fund payments to ETCs. See ALLTEL Merger Order at ¶ 9. This amounts to almost one-third of a billion dollars per year in federal high cost funding. See *id.* at ¶ 8 (total ETC support in 2006 was \$980 million).

mechanisms.<sup>4</sup> This is yet another federal decision of which the Commission may take judicial notice and which the Commission should take into consideration in making its decision on the ALLTEL ETC Application. It is important because adoption of the Joint Board's Recommended Decision by the FCC would have an enormous impact, not just on ALLTEL, but on funding for all ETCs and for wireless ETCs in particular.

In its Recommended Decision, the Joint Board recommended that the high cost fund be restructured into three separate and distinct funds (the Broadband Fund, the Provider of Last Resort Fund, and the Mobility Fund), each with separate distribution mechanisms and separate funding allocations.<sup>5</sup> The Broadband Fund's primary purpose would be to facilitate construction of facilities for new broadband service to unserved areas.<sup>6</sup> The Provider of Last Resort (POLR) Fund, at least initially, would be comprised of the sum of all existing incumbent local exchange carrier (ILEC) support mechanisms.<sup>7</sup> The Joint Board recognized the value of existing USF support mechanisms for ILECs, specifically noting that, under the current system, "rural LECs (RLECs) have done a commendable job of providing broadband to nearly all their customers. While this program may need adjustments, we recognize its effectiveness in maintaining an essential network for POLRs and in deploying broadband."<sup>8</sup>

The Mobility Fund is perhaps the most relevant for purposes of considering the impact of current federal proceedings on ALLTEL's ETC Application. The Joint Board believes the creation of a Mobility Fund, as outlined in its Recommended Decision,

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<sup>4</sup> In the Matter of High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, WC Docket No. 05-337 and CC Docket No. 96-45, Recommended Decision, FCC 07J-4 (released November 20, 2007) ("Joint Board Recommended Decision").

<sup>5</sup> Id. at ¶ 11.

<sup>6</sup> Id. at ¶ 12.

<sup>7</sup> Id. at ¶ 19.

<sup>8</sup> Id. at ¶ 30.

would allow the FCC “to substantially increase the effectiveness of funding now awarded to wireless carriers.”<sup>9</sup>

Unlike current wireless ETC funding, the Mobility Fund would be tasked primarily with disseminating wireless voice services to unserved areas.<sup>10</sup> The Joint Board specifically recommended that:

(1) wireless support primarily be expended for the construction of new facilities in unserved areas, defined as areas with a significant population density but without wireless voice service;<sup>11</sup>

(2) only one provider should receive funding from the Mobility Fund in any given geographic area;<sup>12</sup> and

(3) the identical support rule, under which carriers receive high-cost support based upon the per-line support the incumbent LECs receive rather than the competitive ETC’s own costs, should be eliminated.<sup>13</sup>

The Joint Board made a number of significant findings upon which it based its recommendations. The Joint Board stated that it should not be the goal of universal service funding to upgrade the multitude of existing wireless networks in rural areas throughout the country.<sup>14</sup> The Joint Board found it is not in the public interest to use federal universal service support to subsidize competition and build duplicative networks in high-cost areas.<sup>15</sup> Regarding the identical support rule, the Joint Board noted that the rule bears little or no relationship to the amount of money competitive ETCs have

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<sup>9</sup> *Id.* at ¶ 1.

<sup>10</sup> *Id.* at ¶ 16.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at ¶ 18.

<sup>13</sup> *Id.* at ¶ 35.

<sup>14</sup> *Id.* at ¶ 16.

<sup>15</sup> *Id.* at ¶ 35.

invested in rural and other high-cost areas of the country, and found that the rule has resulted in the subsidization of multiple voice networks in numerous areas and has greatly increased the size of the high-cost fund.<sup>16</sup>

As indicated by the recent release of the Joint Board's Recommended Decision, real reform of the federal high-cost universal service fund is imminent. Three of the five FCC commissioners, including Chairman Martin, are members of the Joint Board and supported the Recommended Decision. The FCC is poised to consider significant changes in the federal high-cost support mechanisms that will preserve the legacy funding that has advanced universal service by facilitating the ubiquitous deployment of voice and broadband-capable networks, while drastically limiting the windfall funding to competitive ETCs so as to preserve universal service funding for its intended purposes.

This Commission historically has taken similar positions, which were once considered outside the norm but now would be considered forward-thinking and consistent with the shape federal policy is taking.<sup>17</sup> The Commission should not change its course now and take a step backward by dropping the high public interest standards it has established and maintained to preserve and advance universal service in South Carolina. For all of the reasons set forth herein, as well as in the SCTC's proposed order and its previously-filed brief, the Commission should deny the Application of ALLTEL for designation as an ETC in the State of South Carolina.

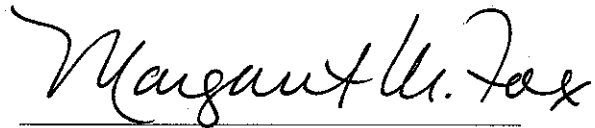
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<sup>16</sup> Id.

<sup>17</sup> The Commission recently approved two ETC filings by other wireless carriers. See Order No. 2007-805 in Docket No. 2007-193-C and Order No. 2007-804 in Docket No. 2003-227-C. However, unlike the ALLTEL Application, those applications were much more narrow in geographic scope and, therefore, contained more specifically-focused public interest showings and do not have the same effect that the ALLTEL Application would have in establishing a potentially harmful statewide precedent.

Respectfully submitted,

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A handwritten signature in cursive script that reads "Margaret M. Fox". The signature is written in dark ink and is positioned above a horizontal line.

M. John Bowen, Jr.  
Margaret M. Fox

ATTORNEYS FOR SOUTH CAROLINA  
TELEPHONE COALITION

November 30, 2007



BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA

DOCKET NO. 2007-151-C

IN RE      Application of Alltel Communications, Incorporated )  
             for Designation as an Eligible Telecommunications )  
             Carrier Pursuant to Section 214(e)(2) of the )  
             Communications Act of 1934 )  
             \_\_\_\_\_ )


**CERTIFICATE  
OF SERVICE**

This is to certify that I, Rebecca W. Martin, an employee with the McNair Law Firm, P. A., have this date served one (1) copy of the attached Reply Brief in the above-referenced matter to the persons named below by causing said copies to be deposited with the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below.

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November 30, 2007

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